

BUSINESS INSURANCE BASICS

When it comes to insuring the cannabis industry, we generally see three distinct business phases, each with unique insurance priorities and requirements.

PHASE 1: WORKING ON PERMIT

WITH YOUR SIGHTS SET ON SECURING A PERMIT FOR YOUR NEW CANNABIS BUSINESS, WE CAN HELP YOU CHECK TWO THINGS OFF YOUR TO-DO LIST:

1) Basic General Liability Policy: Whether you own your own building, are leasing space, or are in the middle of construction, ... you will be required to show proof of insurance during construction. Cost starts at \$750.

2) Bond: cost is credit based (using all owner's credit history) and starts at \$200 annually.

Cannabis Surety Bonds are needed for various entities seeking licensure under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). The State of California requires a surety bond in the amount of \$5,000 for most licensing categories.

Surety bonds are required by licensing agencies to guarantee the behavior of licensees. A license bond guarantees that the entity will comply with the laws and regulations for that entity. These bonds ensure compliance with licensure and permit requirements, and guarantee payments related to the cost incurred for the destruction of cannabis goods and materials in the event of a violation of the applicable regulations.

PHASE 2: OPENING SOON

IT'S NEARLY TIME TO OPEN FOR BUSINESS! HERE'S WHAT YOU'LL NEED IN ORDER TO STAY COMPLIANT:

1) Work Comp! We highly recommend that you start Work Comp on day 1 with employees to avoid all types of issues. Premiums are a percentage of payroll based on your specific operations. We have access to the top carriers and will find the best fit for your unique needs. In-house guards? No problem.

2) Upgrade your basic General Liability Policy to make sure it covers your new day-to-day operations. Make sure this coverage is in place BEFORE you open your doors to the public. Annual cost starts at \$1,800.

PHASE 3: UP & RUNNING

YOU'VE DONE IT. YOU HAVE A LEGAL CANNABIS BUSINESS THAT'S UP AND RUNNING. NOW IT'S TIME TO PROTECT WHAT YOU'VE BUILT.

Some key considerations:

- Cannabis, Product, Crop Coverage
- Safe and Vault Requirements
- Delivery Coverage
- Product Liability Coverage
- Hired and Non-Owned Auto
- Critical Policy Exclusions and Limitations

With the top carriers in the market, and over 20 years of experience, we can review your current insurance programs, rates, and exclusions from a true risk-management perspective to save you time and money moving forward. Now is the time to drill in to the details to avoid unpleasant surprises down the road.